



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: December 12, 2000
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INVESTOR ALERT: EXTREME CAUTION URGED IN INVESTING IN CRUDE OIL, GAS AND HEATING OIL FUTURES

Phoenix – The Arizona Corporation Commission’s Securities Division is warning the public about a possible telemarketing fraud related to investments in crude oil, gasoline, and heating oil.

Recent news reports have discussed the instability in the national and international markets for crude oil, gasoline and heating oil. These stories have highlighted the short supplies of these commodities, and the higher prices consumers have been paying for them.

In taking advantage of these stories, unscrupulous commodity brokers may telephone households and businesses to tout “profitable” investment opportunities in crude oil, heating oil and gasoline commodity futures or options contracts. In most instances, these solicitations are fraudulent if they state or suggest that the investor can “reap substantial profits from well-known price changes” in such commodities through futures or options trading.

The sales pitch is fraudulent because seasonal and other well-known changes in demand or supply for energy commodities already are reflected in market prices. Supply and demand pressures do not necessarily result in any further increased value of options or futures contracts on those commodities. Commodities markets generally respond immediately – within a few hours, and often just a few minutes – to new information about supply and demand conditions.

Since the published prices of commodity options and futures contracts have already taken into account all known or predictable market conditions for crude oil, gasoline and heating oil, no special opportunity exists for small or retail traders entering the marketplace to profit from those facts. Regulators, including the United States

Commodity Futures Trading Commission, have filed numerous enforcement actions against promoters for making precisely these types of fraudulent claims.

Mark Sendrow, the Director of the Corporation Commission's Securities Division, advises investors "to be very skeptical of brokers who contact them by telephone or the Internet and try to sell them energy futures or options contracts." Investors can contact the Securities Division for more information about such investments by calling (602) 542-4242, toll free at 1-877-811-3878, or visiting the Division web site at www.ccsd.cc.state.az.us.

Investors may also contact the Commodity Futures Trading Commission at (202) 418-5320 or visit the CFTC web site at www.cftc.gov.

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